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SOUTHEAST ASIA - U.S. REGIONAL INTERESTS

Core Course (4) Essay

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The purpose of this paper is to discuss Southeast Asia, U S interests, potential threats, and possible challenges/opportunities by which the U S could further its interests in the region. Ten nations make up this region, Burma, Brunei, Cambodia, Indonesia, Laos, Philippines, Malaysia, Singapore, Thailand and Vietnam. China as an emerging power with interests in the area is also analyzed even though China is not considered a Southeast Asia nation.

Our premise is that it is in the U S vital interest to promote regional stability in the region. Regional stability is best achieved by intertwining economic prosperity and commercial interdependence between the nations of Southeast Asia, the United States, and the international community. Further, it is not considered in our best interest to link commercial and economic engagement to either the specific form of government or human rights issues. We do not suggest that the U S can or should disregard atrocities such as genocide, ethnic cleansing or other flagrant human rights violations, but would recommend a tempered and balanced approach in evaluating and persuading various nations in the region how to handle internal domestic issues. The United States should continue a policy of constructive engagement using diplomatic, economic and military instruments of national power to foster democratic principles based on pluralism as well as universal standards of conduct regarding basic human rights.

It should be noted that none of the current governments of these ten nations have found the balance in their democracies that are common in their western counterparts. The governments in these countries are highly autocratic or ethnic dominated. As a result, successions of power will continue to provide potential periods of instability into the foreseeable future. A direct fallout of this system of governance has been the failure to establish functional democratic institutions and high

incidences of corruption within the governing class and bureaucracy. There are some exceptions, such as Singapore, which is essentially free of corruption though governed by a highly authoritarian regime. It is our expectation that continued economic development will increase the middle income portion of the population and raise the overall per capita income to the point where increasing segments of the population will demand participation in government. Ideally, this will force leadership to adopt democratic policies while working to reduce corruption.

U.S. INTERESTS IN SOUTHEAST ASIA.

The interests of United States in Asia have been consistent in the 20th century. We can summarize them as regional peace and security, commercial access to the region, freedom of navigation, the prevention of the rise of any hegemonic power or coalition, and human rights. In Southeast Asia, these interests are manifested primarily in the five major economic (and noncommunist) powers of the region (i.e. Indonesia, Malaysia, the Philippines, Singapore, and Thailand). These are nations that, along with Brunei, make up ASEAN (Association of Southeast Asian Nations). ASEAN contributes to U.S. political, economic, and security interests in the Asia-Pacific region. As Asia's power increases relative to other regions of the world, the U.S. stake in ASEAN's continued success will grow.

1. Economic and commercial interests, and the maintenance of open access to markets.

Politically and economically, Southeast Asia is rapidly gaining international recognition and influence. In the next 15 years, the 10 countries that are likely to comprise ASEAN will have a combined population of 560 million people and an average age of 20. Within the next 15 years, the combined gross domestic product of those 10 ASEAN nations will likely reach \$1 trillion. That is one of the reasons why U.S. economic interests should be among Washington's most important foreign policy concerns. U.S. economic interests are substantial in the region and will exceed our economic interests in many other regions of the world. In fact, the U.S. exports to ASEAN countries exceed those to any other region of the world except northeast Asia. In addition, the

ASEAN market for goods and services from the U S is growing It is important to stress that Southeast Asia's economic success has also meant that these states are valuable economic partners of the United States

2. Preserving open Sea Lanes of Communication, (SLOCs).

Over half of the world's merchant fleet capacity sailed through the Straits of Malacca, Sunda, and Lombok in 1993, or sailed through the South China Sea in the vicinity of the Spratly Islands Over one third of the world's fleet weighing more than 1000 DWT traded in the region The SLOCs in the Indonesian Archipelago and the South China Sea remain critical "chokepoints" for U S national interests Moreover, the U S has direct and immediate maritime economic interests to protect in the region, namely, orderly shipping markets, commercial freedom of navigation, and stability on the South China Sea.

- **The Importance of the Straits: Chokepoints for Shipping.**

Many nations in Southeast Asia are either insular or peninsular, or have extended coastlines Consequently, most trade moves by sea The region's seaborne imports and exports are growing rapidly Geographic and economic factors confer strategic importance to certain key waterways The three "southern entrances" into the region the Straits of Malacca, Sunda, and Lombok are particularly important chokepoints in the world trade system Equally important are the sea lanes passing the Spratly Islands in the South China Sea due to the threat of political and economic disputes The U S Navy has long been assigned the mission of protecting the SLOCs of Southeast Asia. During the Cold War, the mission was viewed in strategic military terms the United States needed to be able to move military supplies through the region in crises, and deny the SLOCs to any potential adversary Now that the Cold War is over, the SLOCs in the Indonesian Archipelago and the South China Sea remain critical "chokepoints" for U S national interests for the following reasons.

- Half of the world's shipping passes through the Southeast Asian SLOCs
- Closure of any of the SLOCs would raise shipping freight rates throughout the world. U S imports and exports would be directly affected
- A serious blockage could cause a world-wide shipping shortage, and, at least in the short term, place severe pressure on the economies of the region.

For the region it means

- A trade pattern dominated by a flow of high-volume raw materials moving north and east, and high-value finished goods returning south and west
- A Japan that has the largest volume of inter-regional trade and shipping through the Southeast Asia SLOCs. Much of Japan's traffic could easily reroute in a crisis, but at a significant cost
- An Australia that is heavily dependent upon the Straits of Lombok, especially for the shipment of iron ore to China. Most inter-regional trade through Lombok is Australian.
- Economies which are closest to the SLOCs and are the most dependent upon them
- Closure of the Malacca or Spratly SLOCs could generate a massive increase in freight rates worldwide, and hit bulk shipments hardest
- The concept of "**Freedom of Navigation**" has both economic and strategic significance.
 - Naval sea lane protection is a mission with economic merit in its own right.
 - The fact that SLOC closure hits nearby countries hardest should be a stabilizing factor. Countries best able to either defend or close SLOCs are motivated to keep them open.
 - The U S has immediate and direct maritime interests in stability in the South China- SE Asia SLOCs.
 - Other nations have an even greater stake in the free movement of shipping on SE Asia SLOCs. These nations should be motivated to cooperate, and share the costs of naval SLOC protection.

Signaling U S strategic interests in the region in early 1995, Secretary of State Warren Christopher issued a warning to the nations quarreling over the Spratly Islands *"The United States does not take sides in this dispute, but will not accept the disruption of trade passing through the South China Sea. The American position is based on direct national economic interest, as well as quasi-altruistic concern for the welfare of other nations. The United States has direct and immediate economic interests to protect in the region, as SLOC blockage could immediately and directly disrupt the U S economy. The United States also needs to protect its trade links to healthy, prosperous trading partners to maintain its own prosperity"*

All nations benefit from the free flow of world trade, which requires freedom of movement on the high seas. The current international consensus in favor of commercial freedom of navigation is a

natural state of affairs, and a logical extension of the global trend towards free trade. The public will continue to expect the U.S. Navy to carry out the traditional mission of protecting trade on the high seas. During the Cold War, the threat of the Soviet Union dominated military thinking. "Threat analysis" determined the size of the force required to meet the Soviet threat. Now we live in a world where the threats are more vague, more diffuse. The distinction between defense against threats versus pursuit of national interests is now less well defined; therefore

- The United States should encourage other nations to share in the costs of protecting SLOCs in general, and the SE Asian SLOCs in particular
- The United States should foster international consensus in both regional and global forums to keep SLOCs open because the economics of world trade require it
- The United States should encourage Australia and other regional nations to ensure the viability of the Lombok-Makassar route, which would be vital to the region if the South China Sea became dangerous, or if Malacca were unavailable
- Protecting shipping for economic reasons should become as important a national priority as protecting it for military reasons

3. Ensuring that no one power, or group of powers, dominates the region.

Historically, Southeast Asian nations have worried about the dominance of China or Japan and they know that U.S. power alone provides a balancing weight to Northeast Asian power. They therefore accept and quietly encourage U.S. presence in the region. Recent U.S. promotion of private commercial interests, however, has been pursued at the expense of traditional U.S. security and political interests in Southeast Asia. The Congressionally-mandated closing of two U.S. consulates in the region has contributed to questions about the permanency of American presence in Southeast Asia. The recent reaffirmation of the U.S.-Japan security relationship and the deployment of U.S. aircraft carrier battle groups to the Taiwan Strait before and after Taiwan's presidential elections have, however, demonstrated United States' continuing commitment to the region. While there is undeniably a link between U.S. security and the success of its private commercial interests, there is clearly no substitute for attentive formal diplomacy. The existence of oil and gas deposits in the South China Sea and overlapping claims of sovereignty over the many mid-ocean land features

and surrounding waters cause a risk of military confrontation among the claimants. It is currently unlikely that China will interfere with freedom of navigation on the strategic sea lanes of the South China Sea or attempt to force other claimant nations from the Spratlys. But neither of these possibilities can be ruled out in the longer run. China's influence will grow as more mainland countries become members of ASEAN. The expansion could also create serious security problems. More mainland member states, bordering either China or India, will inevitably force a shift in the organization's interests. That could mean the organization would increasingly impinge on U.S. interests, making ASEAN a less attractive or willing partner for coping with the new challenges of balancing a rising China and a growing India. Overall, it is likely that the United States' bilateral ties with countries of the region will continue to be of greater importance and utility than the formal multilateral one with ASEAN.

Maintaining the status quo without an overall settlement of conflicting sovereignty claims would increase the risk of confrontation as military and commercial activities increase in this area. Uncertainty over China's long-term objectives complicates the task of formulating an overall settlement, but all claimants must be prepared to make substantial compromises for the sake of reaching agreement. ASEAN nations view the United States as the principal military deterrent to the use of force. The United States has a vital interest in keeping the South China Sea open to ships of all nations. Although Japan has vital interests in the region, and Japanese tankers carry 70% of Japan's oil on the sea lanes of the South China Sea, the United States is currently viewed by the ASEAN nations as the principal deterrent to any outbreak of military hostilities. The United States has significant economic and strategic interests in South East Asia and a mutual security treaty with the Philippines. In addition, several U.S. oil companies hold concessions in disputed areas (even though they were advised of the risks beforehand by the U.S. Government). The official U.S. policy on the South China Sea is that it takes no position as to the legal merits of competing claims of sovereignty. However, freedom of navigation is a fundamental interest of the United States, and it would view with serious concern any maritime claim or restriction on maritime activity in the South China Sea not consistent with international law, including the 1982 UNCLOS. This policy is sound, and the United States should continue to discourage any use of force while encouraging all the claimants to agree to a peaceful settlement as soon as possible. Although officially neutral on competing claims of sovereignty, this policy implies that the United States would not tolerate any claimant closing off large navigable portions of the South China Sea. Although China would prefer

to negotiate separately with each of the claimants, this approach would be unlikely to settle all the conflicting claims. An overall settlement could be achieved by establishing a multilateral regional regime guaranteeing freedom of navigation to ships of all nations and joint development of the oil and gas resources according to a fair apportionment formula. The consequences of ASEAN expansion tend to point to the need for regional defense discussion, including the United States. At the same time, the United States should expand bilateral contact with specific ASEAN members. The most important caveat for American policymakers to remember is that the ASEAN Regional Forum (ARF) and other regional groups should not be called upon to serve as substitutes for healthy bilateral relations between the United States and the nations of the region. The United States should support multilateral dialogue when there is potential for it to make significant progress. There is room for both bilateral and multilateral diplomacy.

Bilateral relationships will continue to be the most important aspect of American relations with nations of the region. The United States is uniquely positioned, however, to promote regional multilateral dialogue. The challenge for U.S. policymakers is to help Southeast Asian nations attain their objectives, while also securing the interests of the United States.

4. Human rights and self-determination.

Human rights and self-determination must always be a consideration in the foreign policy of the United States. We believe that our security interests are best served in those countries with pluralistic institutions and basic freedoms. Within this region, there are problems in both areas. The question then becomes what approach to take in addressing such issues. We believe that a policy of persuasion and "behind the scenes" dialogue best serve the long term desires and interests for fundamental change and reform in the region. Clearly, cultural background and historical traditions with alternative forms of governance will make this process slow and agonizing. However, stable change and evolution through economic growth and prosperity is the best long term solution to this complex problem. Our policy should be with one voice and for the long run providing assistance, encouragement and gentle prodding where useful. Any use of economic sanctions should be in consonance with members of the region.

THREATS TO U.S. INTERESTS IN SOUTHEAST ASIA.

The threats to regional stability, with the exception of the emergence of China, are essentially internal to the respective nations. These can be grouped into the following categories:

- Ethnic diversity coupled with perceived disproportionate distributions of wealth and economic opportunities (Indonesia, Malaysia and Philippines)
- Economic desperation (Vietnam, Cambodia, Burma, Laos and Philippines)
- Rampant corruption and disenfranchisement of the populace (Philippines and Vietnam)

Although each of these internal threats could lead to significant destabilizing internal strife within the affected country, continued economic growth and opportunities can mitigate the frustrations of individual groups and the populace in general. Based on current population, GDP, and inflation data from “The World Factbook 1995”, extrapolated through 2020, the following conclusions are drawn. Without either improved economic performance or reductions in population growth, Burma, Cambodia, and Vietnam are in serious economic distress which could easily lead to violent internal power struggles with the accompanying problems of human suffering, population displacement, physical destruction and regional instability. Additionally, Philippines and Indonesia will face difficult periods of decreased per capita GDP leading to reductions in standards of living. In the case of Indonesia, the division of wealth along ethnic lines could easily result in significant stress as the differential between the haves and have-nots widens. The Philippines and Indonesia must deal with the issues of corruption and favoritism to gain credibility with their constituents. Within many of these countries, succession of leadership may place an additional stress on the current authoritarian government as competing individuals and factions strive to attain primacy.

The single greatest external concern for the region is China. As a growing economic and military power, China could easily, in the absence of an external moderating influence, dominate the

region Recent actions by China such as the conduct of naval operations and exercises in the vicinity of Taiwan, as well as the recent establishment of a military presence on the Mischief reef in the contested Spratly islands, has given the nations of Southeast Asia reason to pause and consider the need for a regional security structure.

CHALLENGES AND OPPORTUNITIES.

Southeast Asia poses significant challenges as well as opportunities for U S interests and influence in the region Predominant challenges include the following

- maintaining regional stability vis a vis a rising regional superpower such as China.
- ensuring access to open markets in a more competitive economic environment.
- resolving lingering territorial disputes amongst regional nations.
- maintaining freedom of navigation in the contiguous straits and seas
- ensuring no regional hegemonic intimidation or coercion
- maintaining an adequate forward U S military presence in the face of declining budgets
- addressing rising transnational issues such as the environment, migration, AIDS and drug trafficking
- encouraging/promoting national self-determination and basic human rights.

Opportunities exist to address the challenges listed above Utilizing the Clinton administration's National Security strategy of "Engagement and Enlargement" as a springboard, U S interests in the region are probably best addressed by utilizing a two track strategy of multilateral and bilateral arrangements With the emphasis better placed on the "engagement" side of our strategy

rather than the “enlargement” side, there are tremendous opportunities to engage the region through a focused strategy of “entanglement” which can be weaved like a web with increasing U S dialogue, participation and presence in the region. U S involvement can be extended throughout Southeast Asia in political, economic, military and NGO relationships. On a multilateral level, current organizations exist that would encourage such U S involvement. The UN, ASEAN Regional Forum (ARF), Asia-Pacific Economic Cooperation (APEC) forum, WTO cover the full range of political and economic forums that would encourage constructive dialogue with all the regional states. Regional forums and agreements such as ASEAN and ASEAN Free Trade Agreement (AFTA) while not directly including the U S, should be supported by the U S as a means to encourage resolution by the member nations themselves of difficult and longstanding regional security/economic issues.

The second part of a dual track approach is to maintain and even expand our bilateral arrangements with nations in the region. Though predominantly military in nature (i.e. mutual defense treaties, military-to-military training/exercises), these treaties and contacts provide another avenue to shape the dialogue and increase the regions own sense and confidence of participating in its own security. In addition, a balanced approach to foreign military sales (FMS) and perhaps some nominal degree of burdensharing for the U S presence in the region would be useful in helping make the critical case at home and sell U S involvement in the region to the American people.

In conclusion, the trendline is positive in Southeast Asia. The current peace and stability are directly related to the longstanding U S presence and involvement in the region. For the future, the emerging rise of China, the lack of pluralistic democratic institutions and clear leadership succession in some countries, and the increasing tensions brought on by territorial disputes and intense

economic competition require our continued close involvement to support U S national interests in this part of the world